

Message Text

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PAGE 01 STATE 308316
ORIGIN XMB-04

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DRAFTED BY XMB: D W SHEPARD
APPROVED BY ARA/ECA:STMyles
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-----023996 281708Z /43
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FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES PRIORITY

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FOR PETER JONES

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: MORGAN CRANES FOR SOMISA

1. MORGAN ENGINEERING OF ALLIANCE, OHIO HOPES TO SELL
FOUR STRIPPER AND SOAKING PIT CRANES AT U.S. CONTRACT
PRICE RANGING BETWEEN U.S. DOLLARS 3-7 MILLION. MORGAN
UNDERSTANDS TOTAL SOMISA PROJECT WILL COME TO U.S. DOLLARS
300 MILLION OF WHICH 200 MILLION WOULD REPRESENT LOCAL
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COSTS. MORGAN ALSO STATES THAT THE PROJECT WILL INCLUDE
INSTALLATION OF THE BLOOMING AND PLATE MILLS SOLD TO
SOMISA BY THE JAPANESE ABOUT TWO YEARS AGO. MOST OF THE
JAPANESE EQUIPMENT FOR THE BLOOMING AND PLATE MILLS HAS
BEEN SHIPPED SOME TIME AGO AND IS IN STORAGE.

2. MORGAN REPORTS THAT FERROSTAAL OF GERMANY AND
MITSUBISHI OF JAPAN WILL BID THE ENTIRE 100 MILLION
DOLLARS FOR OFFSHORE GOODS AND SERVICES - THE BID DATE

BEING JANUARY 31, 1978. BOTH ENTITIES HAVE THEIR OWN ASSOCIATED CRANE MNUFACTURERS. DESPITE TENDER CALLING FOR FULL PACKAGE RESPONSE, MORGAN HOPES TO OBTAIN CONSIDERATION OF SEPARATE BID FOR CRANES.

3. MORGAN BELIEVES ARGENTINE GOVERNMENT VIA THE CENTRAL BANK HAS APPROVED 200 MILLION DOLLARS IN LOCAL COST FINANCING TO BE PROVIDED BY THE GOVERNMENT. ALSO MORGAN REPORTS HIGH GOVERNMENT PRIORITY HAS BEEN GIVEN THIS PROCUREMENT ALTHOUGH NO PUBLIC ANNOUNCEMENT MADE AS GOVERNMENT DOES NOT WISH TO ATTRACT OTHER BIDDERS BEYOND FERROSTAAL AND MITSUBISHI. REPORTED BID TERM IS 3 YEARS GRACE PLUS 10 YEARS REPAYMENT.

4. EXIMBANK WOULD APPRECIATE ANY INFORMATION EMBASSY CAN PROVIDE ON STATUS THIS BID, SCOPE OF PROJECT, GOVERNMENT BACKING THROUGH GRANTING PRIORITY STATUS AND LOCAL COST LOANS, AND BID TERM UNDER CONSIDERATION. VANCE

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